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In the Supreme Court of the United States

CUOZZO SPEED TECHNOLOGIES, LLC, PETITIONER

v.

MICHELLE K. LEE, UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND DIRECTOR, PATENT AND TRADEMARK OFFICE

ON PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

AMICI CURIAE BRIEF OF 3M COMPANY, BRISTOL-MYERS SQUIBB CO., CARGILL INCORPORATED, CATERPILLAR INC., ELI LILLY AND COMPANY, GLAXOSMITHKLINE LLC, ILLINOIS TOOL WORKS INC., JOHNSON & JOHNSON, MONSANTO COMPANY, PFIZER INC., THE PROCTER & GAMBLE COMPANY, QUALCOMM INCORPORATED AND SANOFI US IN SUPPORT OF PETITIONER

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INTEREST OF AMICI CURIAE[1]

Amici 3M Company, Bristol-Myers Squibb Co., Cargill Incorporated, Caterpillar Inc., Eli Lilly and Company, GlaxoSmithKline, Illinois Tool Works Inc., Johnson & Johnson, Monsanto Company, Pfizer Inc., The Procter & Gamble Company, Qualcomm Incorporated and Sanofi US are among the oldest and most successful American innovators. Together they spend tens of billions of dollars annually and employ hundreds of thousands scientists, engineers, and others in the United States alone to develop, produce, and market new products. To protect these activities, Amici collectively hold tens of thousands of patents and seek many more every year through the PTO.

Because of the nature of their businesses, Amici participate extensively in patent litigation, to enforce their patent rights against infringers and to defend against alleged infringement. Amici have a substantial interest in the correct and consistent

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[1] Pursuant to Supreme Court Rule 37.6, counsel for Amici represent that they authored this brief in its entirety and that none of the parties or their counsel, nor any other person or entity other than amici or their counsel, made a monetary contribution intended to fund the preparation or submission of this brief. Pursuant to Rule 37.2(a), counsel for Amici represent that all parties were provided notice of Amici's intention to file this brief at least 10 days before its due date. Pursuant to Rule 37.3(a), counsel for amici represent that all parties have consented to the filing of this brief. Petitioner has filed a letter granting blanket consent to the filing of amicus briefs; written consent of Respondent to the filing of this brief is being submitted contemporaneously with this brief.

interpretation of the patent laws, including the implementation by the United States Patent & Trademark Patent Office ("PTO") of inter partes reviews ("IPRs"), post-grant reviews ("PGRs"), and cover business method patent reviews ("CBMs") brought under the Leahy-Smith America Invents Act ("AIA"), Pub. L. No. 112-29, 125 Stat. 284 (2011).[2]

The Federal Circuit's decision below erred in endorsing the PTO's rule that patent claims adjudicated in an IPR proceeding should be given their "broadest reasonable interpretation." The decision is contrary to the text and history of the AIA, and disturbs the well-settled principle that the claims of an issued patent should be construed the same way for purposes of infringement and validity. The application of a uniform claim construction standard in PTO adjudicative proceedings, district court litigation, and International Trade Commission ("ITC") investigations is necessary for the proper implementation of the AIA as well as the proper functioning of the patent system as a whole.

The time to address this question of critical importance is now. The PTO has received a flood of petitions for post-issuance proceedings, the vast

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[2] This case presents the question of the proper claim construction standard to be used in IPR proceedings, and Amici therefore present their arguments in the context of IPR proceedings. However, the same issue arises in connection with PGR and CBM proceedings, and the same claim construction standard should be used in all three of the new post-issuance proceedings created by the AIA.

majority of which involve co-pending federal court litigation. IPR proceedings have become a fast-growing alternative to district court litigation for adjudicating patent validity. Congress did not intend that patent claims adjudicated in the PTO's Article I courts would be interpreted using a standard that is contrary to the standard used by Article III courts.

As the number of IPR, PGR and CBM proceedings grows, the risk of inconsistent claim construction rulings between post-issuance adjudications, on the one hand, and district court and ITC litigation, on the other, also grows. Uncertainty as to the PTO's proper interpretation of the claims of the thousands of issued patents currently under review creates opportunities for gamesmanship and inconsistent results. This uncertainty undermines confidence in the patent system, which has an adverse effect on the patent-owner community's investments in the development, commercialization and enforcement their patent rights; patent licensing; design-around activities; and other patent-related business decisions.

SUMMARY OF ARGUMENT

Amici urge this Court to grant Cuozzo's petition for a writ of certiorari and reverse the Federal Circuit's ruling below to ensure that the PTO conducts and decides post-issuance proceedings consistent with the America Invents Act, its legislative history and sound patent policy. The Federal Circuit panel erroneously interpreted the AIA to permit the PTO to construe the claims of

issued patents more broadly than the PTO and patent owner intended at the time of their original grants, and more broadly than any court would allow.

This practice undermines the fundamental principle of patent law that the claims of an issued patent should be construed consistently for purposes of adjudicating their infringement and validity. It can lead to invalidation of narrowly drawn patent claims that would be held valid and enforceable by Article III courts, unfairly upsetting expectations and defeating the intent of Congress. Congress created IPRs as an alternative to litigation, not as a vehicle for the PTO to promulgate new substantive rules that redefine how patent validity is adjudicated.

There is no dispute that Congress established post-issuance patent review proceedings as alternatives to district court and ITC litigation to provide less expensive and less time-consuming procedures to determine the validity of issued patents.[3] In doing so, Congress intended to "convert"

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[3] By way of background, an IPR proceeding is a procedure to adjudicate the validity of patent claims based on patents and printed publications. 35 U.S.C. § 311. A PGR proceeding is a procedure to adjudicate the validity of patent claims on any ground that could be raised under 35 U.S.C. § 282(b)(2) or (3). 35 U.S.C. § 321. A CBM proceeding is a procedure to adjudicate the validity of patents claiming "a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the

the underutilized and protracted inter partes reexamination proceeding "from an examinational to an adjudicative proceeding...," renamed as "inter partes review." H.R. Rep. No. 112-98, pt. 1 (2011), at 46-47.

The PTO's decision to apply a "broadest reasonable interpretation" of issued claims in post-issuance proceedings is contrary to the AIA and sound patent policy. Congress did not establish IPRs as an extension of patent examination or reexamination, where patent applicants have an unfettered right to amend their claims, and the use of the "broadest reasonable interpretation" ("BRI") standard is therefore both traditional and appropriate. Rather, Congress established these post-issuance proceedings as adjudicative proceedings which are to take place in a "court-like setting" where the use of "broadest reasonable interpretation" has never been condoned. H.R. Rep. No. 112-98, pt. 1, at 68.

Consistent with this intent, Congress expressly restricted the patentee's ability to amend claims in the new adjudicative proceedings. There is no right to amend claims. Instead, the patentee may only file a single motion to ***cancel*** a challenged claim, and, having done so, can ***propose*** a "reasonable number" of substitute claims. The PTO's use of the BRI standard in these proceedings, rather than the well-established principles of claim construction that federal courts and the ITC apply to issued patents,

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term does not include patents for technological inventions." Leahy-Smith America Invents Act § 18(d)(1).

departs from two fundamental tenets of patent law. First, the correct, legally binding scope of issued claims is based on the "ordinary and customary meaning," considering all legally relevant intrinsic and extrinsic evidence, including the applicant's statements about claim scope during patent prosecution. Second, issued claims are to be interpreted consistently to adjudicate both validity and infringement.

In its split decision below, the panel majority disregarded the long-standing distinction between the way claims are construed in adjudicative proceedings, on the one hand, and during their pre-issuance examination by a patent examiner or reexamination, on the other. Finding no express justification in the statutory language or legislative history, it held that Congress "implicitly" approved the broadest reasonable interpretation standard in passing the AIA. *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1268, 1278 (Fed. Cir. 2015). The panel further stated that "[e]ven if we were to conclude that Congress did not itself approve the broadest reasonable interpretation standard in enacting the AIA," the PTO's promulgation of 37 C.F.R. § 42.300(b), which provides that claims challenged in an IPR are interpreted under a BRI standard, was reasonable and entitled to *Chevron* deference. *Id.*

The panel majority erred in holding that Congress implicitly ratified BRI for such proceedings when it enacted the AIA. The statute's express provisions and legislative history show that Congress intended to create an Article I adjudicatory proceeding within the PTO as an efficient

alternative to Article III litigation of patent validity challenges. Congress did not intend to give challengers the ability to invalidate patents based on artificially broad claim scope. The panel further erred in holding that the AIA conferred substantive rule-making authority on the PTO and in concluding that the BRI Rule is a permissible interpretation of the AIA.

The Federal Circuit denied Cuozzo's petition for en banc rehearing of the panel's 2-1 decision by a vote of 6-5. The joint dissent of five judges emphasized that "[i]n adjudicatory proceedings, claims are given their actual meaning, not their broadest reasonable interpretation." *In re Cuozzo Speed Techs., LLC*, 793 F.3d 1297, 1299 (Fed. Cir. 2015) (dissenting opinion of Prost, C.J., Newman, Moore, O'Malley and Reyna). This deep division among the Federal Circuit judges on an issue of paramount importance to a properly functioning patent system justifies review by the Court.

Indeed, it is difficult to overstate the importance of this issue to our patent system and the public confidence it. The PTO has received 3,973 total petitions for AIA post-grant review as of September 2015, putting its docket close to the top judicial district for patent litigation, and the number of petitions is growing. *See* USPTO, *Patent Trial and Appeal Board Statistics*, http://www.uspto.gov/sites/default/files/documents/2015-09-30%20PTAB.pdf. The scope and meaning of challenged claims is a central issue in most, if not all, of these proceedings. As the 2-1 panel decision and the joint dissent from the en banc denial

demonstrate, there is substantial disagreement over whether the PTO may properly and lawfully apply the "broadest reasonable interpretation" standard in these proceedings. It is imperative that the Court decide this issue now, before thousands of reviews are completed under what Amici submit is an erroneous claim construction protocol.

The PTO's improper promulgation and use of the BRI Rule has undermined the public's confidence in the validity of patents issued by the PTO by creating an infringer-friendly forum that threatens the integrity of the patent system as well as the courts. Under the Federal Circuit's decision, patent claims that would withstand invalidity challenges in court can still be invalidated by the PTO when given a broader reading than the patentee intended. The PTO's substantive rule-making, in the absence of any grant of Congressional authority to do so, deprives patent owners of valuable property rights, creates uncertainty, and is an invitation to gamesmanship. The lack of certainty as to the meaning (and therefore value) of a patent is costly to the inventive community and discourages both innovation and investment.

This Court should now grant certiorari to resolve this question of exceptional importance: whether in IPR proceedings, the Board may construe claims of an issued patent according to their broadest reasonable interpretation rather than their plain and ordinary meaning. This Court should correct the Federal Circuit's misinterpretation of the AIA as to this issue of fundamental importance to the patent system. And it needs to do so now, as

more petitions are filed and wrongly decided based on incorrect claim construction, creating unpredictability, inefficiency, and wasteful expenditure of public and private resources.

ARGUMENT

I. The Federal Circuit's Decision is Inconsistent with the Language of AIA and its Legislative History.

A. Congress Intended to Create an Adjudicative Proceeding to Determine the Validity of Patent Claims, Not Another Examination Proceeding.

The panel majority erred in concluding that Congress intended for the PTO to use the claim construction standard it historically has used in its examination of pending claims, and in reexamination, to construe issued claims in IPR proceedings. The panel majority's erroneous holding rests on the incorrect assumption that because "the broadest reasonable interpretation standard has been applied by the PTO for more than 100 years in various types of PTO proceedings," 793 F.3d at 1276, Congress "impliedly approved" the use of the "broadest reasonable interpretation" standard. The panel majority reasoned that the absence of an explicit statement from Congress that it wished to adopt *Phillips* claim construction standards for post-issuance proceedings should be interpreted as an endorsement of the use of the BRI Rule. In addition, according to the panel majority, it could be "inferred"

from the legislative history of the AIA that Congress "impliedly approved" the use of BRI. *Id.* at 1277

This conclusion is unfounded. As dissenting Judge Pauline Newman wrote, "the question before this court is not whether to 'eliminate' BRI, but whether to impose it on issued patents, where it has not previously reposed." *Cuozzo*, 793 F.3d at 1306. In fact, Congress made no explicit reference to any claim construction standard applicable to AIA post-issuance proceedings. Its silence does not support "inferring" that Congress intended to adopt the use of BRI. *See, e.g., Girouard v. United States*, 328 U.S. 61, 69 (1946) ("It is at best treacherous to find in congressional silence alone the adoption of a controlling rule of law.").

As Chief Judge Prost, along with Judges Newman, Moore, O'Malley, and Reyna, pointed out in their joint dissent from the denial of rehearing, "our background of existing law not only fails to support the conclusion drawn by the panel majority, it points to the ***opposite*** result." *Cuozzo*, 793 F.3d at 1300 (emphasis in original). The well-settled law governing interpretation of ***issued*** patents (of which Congress was well-aware at the time it enacted the AIA), the historical basis for using the BRI standard in examination and reexamination proceedings, and the legislative history of the AIA supply strong evidence of the panel majority's error.

The claims of an issued patent define the invention's metes and bounds. 35 U.S.C. § 112(b). It is the job of the courts to interpret the claims and determine the scope of patented inventions as part of

the infringement and validity analysis. *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 979 (Fed. Cir. 1995) (*en banc*) *aff'd* 517 U.S. 370 (1996). To determine this "ordinary and customary" meaning, courts begin with intrinsic evidence: the claims, specification and prosecution history. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1313 (Fed. Cir. 2005) (*en banc*). Intrinsic evidence is critical because it "constitute[s] the public record of the patentee's claim, a record on which the public is entitled to rely." *Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1583 (Fed. Cir. 1996). The specification is relevant to determine whether the inventor has used any terms in a manner inconsistent with their ordinary meaning. *Id.* Likewise, the prosecution history provides guidance as to the scope of the claims because it contains:

> the complete record of all the proceedings before the Patent and Trademark Office, including any express representations made by the applicant regarding the scope of the claims. As such, the record before the Patent and Trademark Office is often of critical significance in determining the meaning of the claims. Included within the analysis of the file history may be an examination of the prior art cited therein.

Id. (citing *Graham v. John Deere*, 383 U.S. 1, 33 (1966)). For decades, this body of intrinsic evidence has served as the primary record by which courts adjudicating issues of patent validity and

infringement have determined the "ordinary and customary" meaning of patent claims. *Phillips,* 415 F.3d at 1313.

By contrast, the PTO has historically used the BRI standard to consider pending patent claims in examination or unexpired issued claims in reexamination. This protocol gives claims "their broadest reasonable interpretation consistent with the specification" but does not utilize other intrinsic evidence, including the prosecution history, or extrinsic evidence. *Manual of Patent Examining Procedure* ("MPEP"), § 2111. The PTO also uses BRI in most reissue, ex parte, and inter partes reexamination proceedings, which the PTO treats in the same manner as original applications, as a continuation of patent examination. The justification for BRI in examination and reexamination is the patentee's ability to amend freely. *In re Prater*, 415 F.2d 1393, 1404-05 (C.C.P.A. 1969) ("[C]laims yet unpatented are to be given the broadest reasonable interpretation consistent with the specification during the examination of a patent application since the applicant may then amend his claims, the thought being to reduce the possibility that, after the patent is granted, the claims may be interpreted as giving broader coverage than is justified."); *In re Buszard*, 504 F.3d 1364, 1366-67 (Fed. Cir. 2007) ("[T]he patent examiner and the applicant, in the give and take of rejection and response, work toward defining the metes and bounds of the invention to be patented.").

The legislative history of the AIA repeatedly refers to the new post-issuance proceedings as adjudicative proceedings, designed to provide cheaper and faster procedures for bringing invalidity challenges that previously could be heard only in district courts. The House Report draws a sharp distinction between PTO examination proceedings and adjudicative proceedings: "[t]he Act converts inter partes reexamination from an examinational to ***an adjudicative proceeding***, and renames the proceeding 'inter partes review.'" H.R. Rep. No. 112-98, pt. 1, at 46-47 (emphasis added). The Report explained that the AIA would "[e]stablish a new procedure, known as post-grant review, to review the validity of a patent. This option ....would take place in a ***court-like proceeding***...." *Id.* at 68 (emphasis added); *see also id.* at 75 (describing PGR and IPR as "***adjudicative systems***") (emphasis added).

The legislative history clearly shows Congress' intent to create adjudicatory proceedings that, to assess the validity of patents, would use the same legal framework as Article III courts use to adjudicate issued patents. There is no indication that Congress intended to create new and fundamentally different substantive standards governing patent validity when adjudicated in the PTO's Article I courts.

B. The Provisions of the AIA Confirm that Congress Did Not "Ratify" the BRI Standard.

On the contrary, the express statutory language confirms Congress' understanding that the *Phillips* claim construction standard would be used by the PTO in post-issuance proceedings. Section 325(d) authorizes the PTO Director to consider the patent's prosecution history (including statements made by the patentee) in deciding to institute a proceeding. 35 U.S.C. § 325(d). The AIA also contemplates that the PTO consider "statements of the patent owner filed in a proceeding before a Federal court or the Office in which the patent owner took a position on the scope of any claim of a particular patent" in construing claims during an AIA post-grant proceeding. *Id.* §§ 301(a)(2) & (d). If Congress had intended the PTO to ignore prosecution history and apply the BRI Rule, these statutory provisions would have made no sense.

Other provisions of the AIA likewise demonstrate the unreasonableness of the PTO's position that the AIA authorizes the PTO to construe claims in the new post-issuance adjudicative proceedings as if they were undergoing examination. Reflecting Congress' vision of IPRs as adjudicative proceedings, the AIA mandates discovery, depositions, experts, an oral hearing and a final written decision by the Board. *Id* §§ 316, 318, 326, 328. Congress also placed the burden of proof on the petitioner, just as the patent challenger bears the burden of proof in district court. *Id.* §§ 316(e), 326(e).

Importantly, Congress created a material difference between (i) initial examination and reexamination, which permit multiple rounds of iterative claim amendments, and (ii) adjudicative proceedings, which do not. Under the AIA, the patentee does not have the liberal right to amend its patent claims in post-issuance proceedings. Section 316(d) allows the patent owner only a one-time chance to request cancellation of a challenged claim and to propose "a reasonable number of substitute claims" for the challenged claim. *Id.* § 316(d). Indeed, Congress eliminated inter partes reexamination because it was impractical to incorporate adversarial participation into a procedure allowing the patentee multiple amendments of the claims in play. H.R. Rep. 112-98, pt. 1, at 45-46.

The panel majority's offhand reference to a patentee's theoretical ability to amend claims during an IPR proceeding glosses over the strict statutory limitations on amendments in post-issuance proceedings. First and foremost, as the AIA has been interpreted by the PTO, the patentee has no right to amend claims in these proceedings. Rather, under § 316(d), the patentee only has the right to file a ***motion*** to cancel a challenged claim or to propose a substitute claim. 35 U.S.C. § 316(d). There is no guarantee that the PTO will allow such a motion—in contrast to the continuing, unfettered right of a patentee to amend any or all claims in examination and reexamination proceedings, upon which the Federal Circuit relied in upholding the use of BRI there. *See In re Yamamoto*, 740 F.2d 1569, 1571 (Fed. Cir. 1984).

II. The PTO's Promulgation of the BRI Rule is Invalid.

A. The AIA Did Not Provide the PTO with Substantive Rulemaking Authority.

The Federal Circuit also erred in concluding that Congress granted authority to the PTO to adopt a rule that would alter the standard used to determine the claim scope of issued patents in post-grant proceedings. Nothing in Section 316 confers substantive rulemaking authority. *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1336 (Fed. Cir. 2008) (stating "[a] rule is 'substantive' when it 'effects a change in existing law or policy' which 'affect[s] individual rights and obligations.'"). Under the Patent Act and the AIA, only procedural, not substantive, rules are within the rulemaking authority of the PTO. *Id.*

The AIA did not confer any new substantive rulemaking authority on the PTO that would expand its authority to promulgate rules governing claim scope of issued claims. Section 316 merely directs the PTO to promulgate regulations "establishing and governing" IPRs "and the relationship of such review to other proceedings under this title," 35 U.S.C. § 316(a)(4). This authority is no broader than the PTO's existing authority to promulgate rules governing the conduct of examination proceedings under Section 2(b)(2)(A). 35 U.S.C. § 2(b)(2)(A) (conferring upon the PTO the authority to promulgate procedural rules). No language in the AIA authorizes the PTO to promulgate rules permitting the PTO to assess the validity of issued

patents using an artificially broad claim scope, or otherwise confers authority for substantive rulemaking.[4]

Section 316 specifically identifies regulations the PTO was to promulgate, such as regulations providing for public access to the file of the proceeding in certain proscribed circumstances; establishing standards for the discovery of relevant evidence, "including that such discovery shall be limited" in certain proscribed ways; and providing either party with the right to an oral hearing as part of the proceeding. *Id.* § 316(a)(5). The House Report's analysis of Section 316(a) does not suggest any grant of rulemaking authority beyond what is expressly identified in that provision. *See* H.R. Rep. No. 112-98, pt. 1, at 76.

B. The BRI Rule is Not a Reasonable Interpretation of the AIA.

The BRI Rule is not a reasonable interpretation of the AIA and for that second,

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[4] The absence of any language in the AIA expanding the PTO's narrow rulemaking authority contrasts with the broad, express authority Congress has granted to other agencies. When Congress intends to delegate rulemaking authority, it makes that purpose clear. *See, e.g.*, 38 U.S.C. § 501 (Secretary of Veterans Affairs authorized to prescribe "all rules and regulations which are necessary or appropriate to carry out the laws administered by the Department..."); 5 U.S.C. § 8347(a) (Office of Personnel Management has authority to prescribe "such regulations as are necessary and proper to carry out [the Civil Service Retirement Act]").

independent reason, it is invalid. *See Michigan v. EPA*, __ U.S. ___, 135 S. Ct. 2699, 2706 (2015). As discussed in Section I, *supra*, the BRI Rule is not consistent with the AIA's provisions, legislative history or Congress' intent to create "court-like proceedings" to adjudicate patent validity. H.R. Rep. No. 112-98, pt. 1, at 68.

It is a fundamental tenet of patent law that issued claims should be interpreted the same for purposes of adjudicating their validity and infringement. *See, e.g., Peters v. Active Mfg. Co.*, 129 U.S. 530, 537 (1889) ("[t]hat which infringes, if later, would anticipate, if earlier"); *White v. Dunbar*, 119 U.S. 47, 51 (1886) (a patent claim is not "a nose of wax which may be turned and twisted in any direction"). There is no reasonable basis on which to conclude that Congress intended that the scope of an issued patent would be interpreted one way by courts and in a different way by the PTO in an IPR proceeding. Nor is there any reasonable basis to conclude that Congress intended the PTO to ignore the effort and expense invested by the patent applicant and the PTO during the original examination of a patent involved in an IPR proceeding—an approach that starts over with a blank slate rather than where the PTO left off at the time it concluded the patent should be granted. In sum, there is nothing in the language or legislative history of the AIA to suggest that Congress intended to create new post-issuance review proceedings that violate fundamental principles of patent law and create unbalanced playing fields tilted against patent owners in the manner that the PTO's rulemaking has done.

III. The Federal Circuit's Decision Permitting Different Claim Construction Standards in Different Adjudicative Tribunals Undermines Sound Patent Policy and Warrants This Court's Immediate Intervention.

The Federal Circuit's decision has invited inconsistency and uncertainty in the law and encourages gamesmanship. The application of the BRI Rule in post-issuance proceedings presents a question of exceptional importance and demands the urgent attention of this Court. Use of the BRI Rule in post-issuance proceedings threatens the integrity of the patent system at the expense of public resources.

By broadly interpreting the claims untethered to statements made by the patentee during prosecution of the patent that were intended to narrow claim scope, the use of BRI will undermine the public notice function of the patent's prosecution history, which historically has provided the public important information about the scope and meaning of the claim. *See Markman*, 517 U.S. 370, 373; *Biogen Idec, Inc. v. GlaxoSmithKline LLC*, 713 F.3d 1090, 1095 (Fed. Cir. 2013). Where the PTO has set forth its "broadest reasonable interpretation" of patent claims in a post-issuance proceeding and they are not determined to be invalid, there is likely to be uncertainty as to which interpretation defines the scope of the claimed invention going forward.

Uncertainty as to the scope of claims is costly to the inventive community and discourages innovation. Indeed, this Court in *Markman*

explained that "uniformity in the [claim construction] of a given patent" was critical in order to avoid a "zone of uncertainty which enterprise and experimentation may enter only at the risk of infringement claims [that] would discourage invention only a little less than unequivocal foreclosure of the field." 517 U.S. at 390. Such uncertainty adversely affects patent licensing, design-around, and other critical business decisions, contrary to the goals of the AIA.

More generally, it is highly inefficient for the PTO to ignore the months or years of work undertaken by patent examiners and patent applicants during the original examination only to begin on a blank slate, without the benefit of the patentee's statements about the prior art and claim scope—producing results inconsistent with the outcome a court ultimately would reach based on the prosecution history. The development of the examination record represents a substantial investment of resources by both the patentee and the PTO. The average patent prosecution consumes 27.4 months. USPTO, *Performance and Accountability Report 2014*, http://www.uspto.gov/about/stratplan/ar/USPTOFY2014PAR.pdf. Typical charges for preparing and filing an original application range from $7,622 to $11,944. Am. Intellectual Prop. Law Ass'n, *Report of the Economic Survey* I-90-91 (2015). Costs for filing each amendment range from $2,479 to $4,541. *Id.* at I-108–110.

The BRI Rule requires the PTO's Article I courts to ignore the prosecution record created after so much time and expense. Consider, for example, a

newly-issued claim against which a PGR petition is filed. That claim may have undergone years of examination, during which the patent owner may have disclaimed claim scope or made statements distinguishing the claim from the same prior art cited in the PGR petition. It makes no sense for the PTO to pretend the prosecution history created did not exist and start over from scratch, even as to the same art it just considered during prosecution. Yet that is the result created by the PTO's adoption of the BRI Rule.

That result encourages unnecessary challenges to legitimate patent rights and increases patent costs. Claims that would be construed in light of the prosecution history and upheld under judicial claim construction rules could be invalidated when subjected to an overly broad reading under the BRI Rule. This is unfair to patent owners and an open invitation to gamesmanship. Moreover, the application of different standards in PTO and district court proceedings means that each proceeding's claim construction has no estoppel effect for subsequent proceedings, further encouraging gamesmanship.

Use of the BRI Rule can also lead, unfairly, to the creation of intervening third party rights.[5] Under the law of intervening rights, when a patent's claims are substantively amended during a post-issuance procedure, an accused infringer may be

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[5] Intervening rights will attach to a claim amended in an IPR proceeding. 35 U.S.C. § 318(c).

shielded from liability under the original claims. 35 U.S.C. § 252. A competitor facing infringement litigation might initiate a post-issuance proceeding in hopes of forcing the patentee to narrow its claims to overcome additional prior art that becomes relevant under the BRI standard. By triggering third-party intervening rights, the patent owner may forfeit valuable, legitimate patent scope (based on a *Phillips* construction) vis-à-vis anyone who practiced the invention prior to the issuance of any new or amended claim.

The inconsistent results arising from application of the BRI Rule create a strong incentive for parties to challenge patent validity in post-issuance proceedings while patentees seek to enforce the same patent in district court. The BRI Rule exacerbates the problem by creating an avenue for inconsistent treatment of patents. Indeed, former PTO Director David Kappos testified to the House Judiciary Committee that "having the USPTO apply a different standard than the courts is leading, and will continue to lead, to conflicting decisions." *Innovation Act: Hearing on H.R. 3309 Before the H. Comm. On the Judiciary*, 113th Cong. 39-46 (2013) (statement of David J. Kappos, Partner, Cravath, Swaine & Moore LLP).

The need for uniformity, as between post-issuance adjudicative proceedings in the PTO on the one hand, and district court and ITC proceedings on the other, is all the more acute due to the large number of proceedings filed annually. In November 2014, the PTO reported on its Patent Trial and

Appeal Board's ("PTAB") caseload as compared to the caseloads of federal district courts:

> The PTAB received 1,494 petitions from September 2013 to September 30, 2014; in all of 2013, 1511 complaints were filed in the Eastern District of Texas, 1335 in the District of Delaware, 408 in the Central District of California, and 248 in the northern District of California. The number of PTAB filings in FY 2014 was 1,494, thereby putting the PTAB ahead of all but one of the federal district courts in terms of patent disputes that they are handling.

USPTO, *Patent Public Advisory Committee Annual Report 2014* , 48, http://www.uspto.gov/about/advisory/ppac/PPAC_2014_AnnualReport.pdf.

The rate of post-issuance filings in these proceedings has continued to increase in each year since their creation. In September 30, 2015, the PTO reported that 1,897 filings have been made in 2015, significantly exceeding last year's total. USPTO, *Patent Trial and Appeal Board Statistics* (Sept. 30, 2015), http://www.uspto.gov/sites/default/files/documents/2015-09-30%20PTAB.pdf. Many, if not most, of these patents are the subject of concurrent litigation. Various sources report that 80% of all IPRs are also in related co-pending litigation and 100% of CBM proceedings have co-pending litigation. *See, e.g.*, Sterne Kessler Goldstein Fox, *One Year Later: Observations from the First Year of Contested Proceedings at the*

USPTO, 1 (Sept. 16, 2013), http://www.skgf.com/uploads/1230/doc/AIA_One_Year_Later_Report.pdf.

Lastly, the PTO's BRI Rule will impose significant burdens on the judiciary when the Federal Circuit is faced with appeals directed to differing constructions of the same claims by the PTAB and a district court. Such discrepancies will pose challenges for effective appellate review, compounded by uncertainty in the Federal Circuit's jurisprudence as to whether any deference is owed to the PTO's claim construction. *See Flo Healthcare Solutions, LLC v. Kappos*, 697 F.3d 1367, 1378 (Fed. Cir. 2012) (Plager, J., additional views). Simultaneous review of discordant PTAB and district court claim constructions threatens to undermine the goal of uniformity that the Federal Circuit was created to achieve. "The crying need for definitive, uniform, judicial interpretation of the national law of patents, on which our citizens may rely and plan with some certainty, has been recognized for over 60 years." *Court of Appeals for the Federal Circuit–1981: Hearings on H.R. 2405 Before the Subcomm. on Courts, Civil Liberties, & the Admin. of Justice of the H. Comm. on the Judiciary*, 97th Cong. 42–43 (1981) (statement of the Hon. Howard T. Markey, C.J., Court of Customs and Patent Appeals).

In sum, the PTAB's use of the BRI Rule in AIA post-issuance proceedings not only contravenes the intent of Congress in creating efficient alternatives to district court litigation, it also threatens fundamental tenets of our patent system: that the "ordinary and customary meaning" of the

claims of an issued patent defines the invention's metes and bounds, and that the "claims are construed the same way for both invalidity and infringement." *Source Search Techs., LLC.* v. *LendingTree, LLC*, 588 F.3d 1063, 1075 (Fed. Cir. 2009).

CONCLUSION

Amici respectfully submit that the Court should grant the petition for a writ of certiorari.

Respectfully submitted,

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